

Securities and Exchange Commission

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§ 256.930.2 Miscellaneous general expenses.

(a) This account shall include the cost of expenses incurred in connection with the general management of the service company not provided for elsewhere.

ITEMS

1. Industry association dues for company memberships.
2. Contributions for conventions and meetings of the industry.
3. Communication service not chargeable to other accounts.
4. Trustee, registrar, and transfer agent fees and expenses.
5. Stockholders meeting expenses.
6. Dividend and other financial notices.
7. Printing and mailing dividend checks.
8. Directors' fees and expenses.
9. Publishing and distributing annual reports to stockholders.
10. Public notices of financial, operating and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.
11. Other general expenses not provided for elsewhere.

(b) Records shall be so maintained to permit ready analysis by item showing the nature of the expense and identity of the person furnishing the service.

§ 256.931 Rents.

This account shall include rents, including taxes, paid for the property of others used, occupied or operated in connection with service company functions. Provide subaccounts for major grouping such as office space, warehouses, other structure, office furniture, fixtures, computers, data processing equipment, micro-wave and telecommunication equipment, airplanes, automobiles, etc. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense as if the property were owned.

§ 256.932 Maintenance of structures and equipment.

This account shall include materials used and expenses incurred in the maintenance of property owned, the cost of which is includable in accounts 305 through 311, and of property leased from others. Provide subaccounts by

major classes of structures and equipment, owned and leased.

PART 257—PRESERVATION AND DESTRUCTION OF RECORDS OF REGISTERED PUBLIC UTILITY HOLDING COMPANIES AND OF MUTUAL AND SUBSIDIARY SERVICE COMPANIES

Sec.

257.1 General instructions.

257.2 Schedule.

§ 257.1 General instructions.

(a) *Scope of regulations.* The General Instructions and Schedule apply to any holding company, except an electric or gas utility company, registered as a holding company under the Public Utility Holding Company Act of 1935, and to companies found by the Commission, pursuant to § 250.88 to meet the requirements of section 13 of the Act as mutual or subsidiary service companies.

(1) Company means a service company subject to § 250.93, or a holding company subject to § 250.26, which is not an electric utility company or a gas utility company, and any predecessor or inactive or dissolved associate company, the records of which are in the possession or control of such company.

(2) Records include any records prepared, maintained or held by any agent or employee of a company, including any such records of a stock transfer agent, registrar, paying agent, indenture trustee or other person employed by a company to perform services with respect to the securities of the company, insofar as such person is accountable to the company or to its security holders for such records. The specification in the schedule of a record related to a type of transaction includes all documents and correspondence, not redundant or duplicative of other records retained, needed to explain or verify such transaction. Supporting documents such as checks or vouchers, which are separately scheduled may, nevertheless, be destroyed in accordance with the schedule for their respective class, when the company determines that the lapse of time has

made it unlikely that it will need to prove the details evidenced thereby.

(3) Any company subject to this regulation, which, as agent, operator, lessor or otherwise, maintains or has possession of any records relating to the operation, property or obligations of an electric or gas utility company or natural gas company or a nuclear licensee, as defined in the Federal Power Act, the Natural Gas Act, the Atomic Energy Act or the laws of any state within which such utility company operates, shall comply with the laws or regulations as to record retention and destruction which would apply to such records if they were records of such utility company or licensee.

(4) Except for the certifications, indices and cross references specified herein, the regulation shall not be construed as requiring the preparation or maintenance of records not required to be prepared or maintained by other rules or regulations of the Commission.

(5) The regulation shall not excuse compliance with any other lawful requirement for the preservation of records for periods longer than those prescribed in the regulation.

(6) Duplicate copies of records which contain no significant information not shown on the copy preserved may be destroyed at any time. If the same document would be required under more than one scheduled item, such as an indenture also included as an exhibit in a filing required to be retained, only one copy need be preserved if cross references are substituted for the additional copies.

(7) Notwithstanding the provisions of the regulation, the Commission may, upon the request of any company, authorize the destruction of any specified records of such company and the Commission, on its own motion or on the motion of any regulatory agency, may direct that records which would be useful in developing facts relevant to any transaction recorded by the company be preserved for such period as the Commission may specify.

(b) *Designation of supervisory official.* Each company subject to the regulation shall designate one or more officials to supervise the preservation or authorized destruction of its records. Insofar as its records include those in

the possession of a transfer agent, indenture trustee or other independent custodian, the terms of the agreement with the custodian may include provisions, not inconsistent with this regulation, for the preservation and destruction of such records by the custodian and the responsibility of the company's designated official shall be to make reasonable inquiry as to the due performance of the custodian's obligation.

(c) *Protection and storage of records.* The company shall provide reasonable protection from damage by fire, flood, and other hazards for records required by the regulation to be preserved and, in the selection of storage space, safeguard such records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) *Index of records.* At each office of the company where records are kept or stored, such records as are required by the regulation to be preserved shall be so arranged, filed, and currently indexed that such records shall be readily available for inspection by authorized representatives of regulatory agencies concerned.

(e) *Definition of record media.* (1) The data constituting the records listed in the schedules may be retained in any of the media forms in Figure 1 of this section, if the media selected has a standard life expectancy equal to or in excess of the specified retention period. In cases where media regeneration to achieve full length of period retention becomes necessary, the company shall take such action as prudence calls for and notify the Commission immediately thereafter. The specifications in Figure 1 are generic. At the request of a company, the Commission may authorize alternative media reasonably equivalent to those specified.

(2) If the media form of the record retained is other than a readable paper copy, then reader and/or printer equipment and related printout programs, if required, shall be provided by the company for data reference.

(3) The media form initially selected for the record becomes the "original" for that particular record. If subsequent conditions (e.g., improved media

life expectancy, increased company resources, increased securities sales) require and the remaining retention period permits a change in the media forms, the company may convert to another media and dispose of its old equipment, provided the certification processes described in paragraph (f) of this section are observed and data referencing capability is maintained.

FIGURE 1.—RECORD MEDIA

Record media/form	Comments and standards
1. Paper and card stock (hardcopy).	For each document, paper stock should be selected with a life expectancy equal to or greater than the retention period specified for that document.
2. Tape:	
a. Magnetic (Including video tape).	Assumes storage in a controlled environment with a temperature and humidity range of 60°–80° F. and 40–60%, respectively.
b. Punched	For each record, tape media (paper, mylar, metallic base) should be selected with a life expectancy equal to or greater than the retention period for that record.
3. Microforms:	
a. Microfilm (including Computer Output Microfilm ("COM"), Microfiche jackets and aperture cards).	Assumes processing to standards and storage in a controlled environment with a temperature and humidity range of 60°–80° F. and 40–50%, respectively. (Ref. American National Standards Institute ("ANSI") standards PH 5.4–1970, PH 1.41–1976, PH 1.28–1979, PH 1.43–1981, or most current standards as accepted by the National Archives for use by federal agencies. (See 41 CFR 101–11.5).
b. Metallic recording data strips.	Same storage conditions as for microfilm.

(f) *Microform, tape and computer output certification*—(1) *As the initial recording media.* (i) Each microform record series shall contain, at the beginning, a microform introduction stating the title of the record series, the date prepared, the name of the official responsible for validating or confirming the data contained therein. Each microform record series shall be closed with a clear and standard microform notation indicating the completion of the series and the date. If the microform record series is a product of Computer Output Microfilm ("COM"), the certification required of this section is not required if the series is prepared in accordance with written standard procedures developed by the company that ensure the integrity of record series which are the product of

COM. Such procedures must include the name of the official responsible for validating or confirming the data contained in the record series and confirming that a particular COM record was produced in accordance with the standard procedures.

(ii) If a record series is a computer output product (i.e., output paper or microfiche, or aperture cards), any certification that may otherwise be required under paragraph (f)(1)(i) of this section is not required if:

(A) The series is prepared in accordance with written standard procedures developed, or accepted general business practices followed, by the company that ensure the integrity of record series that are the product of computer output; and

(B) Such procedures include the name or title of the official responsible for validating or confirming the data contained in the record series and confirming that a particular computer output record series was produced in accordance with the standard procedures or practices.

(iii) Each tape record series shall be externally labeled and there shall be prepared for that series an introduction stating the record series title, date prepared, the name of the official responsible for validating or confirming the data contained therein and an index where appropriate. Each record series shall be closed with a clear and standard notation indicating the completion of that series and the date.

(2) *Conversion from other media.* (i) Each microform record series shall include, as an integral part, a certificate(s) stating that the microforms are direct and facsimile reproductions of the original records and that they have been made in accordance with prescribed instructions. Such certificate(s) shall be executed by a person(s) having personal knowledge of the facts covered thereby.

(ii) Each microform record series shall commence and end with a statement as to the nature and arrangement of the records reproduced, and the date. Rolls of film shall not be cut except to produce jacketed microfiche. Supplemental or retaken film, whether of misplaced or omitted documents or of

portions of microform found to be defective, shall be attached to the beginning of the microform record series. If supplemental or retaken film of misplaced or omitted documents, or of portions of microfilm found to be defective, are attached to the microfilm record series, the certificate described in paragraph (f)(1)(i) shall cover the supplemental or retaken film and shall state the reasons for the attachment.

When a retrieval system (e.g., image count indexing ('blipping')) is used, the supplemental or retaken film may be attached at the end of the series, if the provisions at the beginning of the series advise the viewer of the location of the problem frames and the supplemental or retaken images.

(iii) If, in accordance with the provisions of paragraph (g) of this section, the company elects to convert records to the tape media, the same certification provisions specified in paragraph (f)(1)(iii) of this section must be provided in the conversion program.

(g) *Change of media for existing records.* Those records prepared and maintained under previous regulations in a paper media and whose remaining retention period falls within the life expectancy range of any of the media detailed in Figure 1, may be converted to that media at the company's option, provided the applicable certification processes described in paragraph (f) of this section are observed and an audit referencing capability maintained.

(h) *Media.* (1) All records created or maintained in a media shall—

(i) Be prepared, arranged, classified, identified, and indexed as to permit the subsequent location, examination, and reproduction of the record to a readable media;

(ii) Be stored in such a manner as to provide reasonable protection from hazards such as fire, flood, theft, etc., and be maintained in a controlled environment; and

(iii) Be regenerated, including proper certification, when damaged.

(2) The company shall be prepared to furnish, at its own expense, standard facilities for reading media and shall additionally provide, if the Commission so directs, copies of records in a readable form.

(3) All film stock shall be of approved operationally-permanent-record micro-copying type, which meets the current specifications of the American National Standards Institute.

(4) Punched cards, tape or similar media used as intermediate records or steps in data processing for assembling data to be posted to the records of the company or used in a report or study can be destroyed at the option of the company.

(i) *Destruction of records.* The destruction of the records permitted to be destroyed under the provisions of the regulations in this part may be performed in any manner elected by the company. Precautions should be taken, however, to macerate or otherwise destroy the legibility of records, the content of which is forbidden by law to be divulged to unauthorized persons.

(j) *Premature destruction or loss of records.* When records are destroyed or lost before the expiration of the prescribed period of retention, a statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss shall be filed with the Commission within ninety (90) days from the date of discovery of such destruction or loss.

(k) *Schedule of records and periods of retention.* The schedules of records retention periods constitute a part of this regulation. The schedules prescribe the periods of time that designated records shall be preserved.

(l) *Retention periods designated "Destroy at Option."* Use of the retention period, "Destroy at option," in the regulation constitutes authorization for such destruction under the conditions specified for the particular types of records only if such optional destruction is based on a reasonable judgment that the records are unlikely to be needed and if such optional destruction is not in conflict with other legal retention requirements. Optional destruction of records relevant to pending or expected regulatory or legal actions is not authorized. "Destroy at option after audit" requires retention until the company has received an opinion of its independent accountants

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with respect to the financial statements including the transactions to which such records relate.

(m) *Use of technical accounting terms.* For purposes of the schedules, traditional accounting terms such as ledgers, journals, registers and vouchers refer to the function rather than the form of the record. All refer to quasi-permanent records, designed to collect, classify and in some aspects summarize, various types of the company's transactions. They are interrelated and, in another traditional term, are the principal constituents of the books of account, including subsidiary ledgers and registers. The retention periods apply to records serving this function, regardless of form. A multiple purpose record, such as a service company stock stub which also serves as the shareholder's ledger, or a voucher file which also serves as the journal, referred to more than once in the schedule, is governed by the longest retention period applying to any of its functions.

For brevity, the term "note" is used in the schedule to refer to an evidence of debt maturing within one year of its creation, which was not the subject of an offering registered under the Securities Act of 1933. The term "debenture" refers to a document evidencing any other unsecured debt. The term "mortgage" refers to any form of secured obligation, "bond" refers to a document evidencing a secured debt in whole or part, and "mortgagee" refers to the holder of a mortgage or bond and includes any person, such as an indenture trustee, authorized to act for a mortgagee.

(Approved by the Office of Management and Budget under control number 3235-0306)

(Secs. 15 and 20(a); Public Utility Holding Company Act of 1935, and §250.26(d) and §250.93 of Title 17 CFR)

[49 FR 27310, July 3, 1984]

§257.2 Schedule.

SCHEDULE OF RECORDS RETENTION PERIODS

Description of records	Retention period
CORPORATE AND GENERAL	
1. Records of Securities:	
(a) Capital stock and debt ledgers	3 years after the holder's account is closed.
(b) Subscription accounts, warrants, requests for allotments, and other essential papers related thereto.	Destroy at option after settlement and audit.
(c) Stubs or similar records of the issuance of securities	3 years after cancellation of certificate.
(d) Paid or cancelled notes	Destroy at option after changes are recorded.
(e) Letters, notices reports, statements and other communications distributed to all holders of a particular class:	
(1) Annual reports	50 years.
(2) Solicitations of consents or waivers	Destroy at option after expiration of consent or waiver and audit.
(3) Notices of redemption or invitations for tender	Destroy at option after consummation and audit.
(4) Interim reports, dividend notices, notices of change of corporate address, and similar communications of information of only current significance.	Destroy at option after audit.
(f) Dividend interest and coupon registers, lists or similar records	3 years after payment.
(g) Paid dividend or interest checks	3 years after issuance.
(h) Trust indentures, loan agreements or other contracts or agreements securing debt securities issued.	3 years after redemption.
(i) Copies of reports, statements, letters or memoranda filed with Trustee(s) pursuant to provisions of trust indenture or other security instrument or agreement securing debt securities issued.	3 years after redemption.
(j) Leases pertaining to rentals of property to or from others	3 years after expiration.
(k) Contracts, agreements, and other records needed to administer or audit a dividend reinvestment plan or an employee benefit plan involving the purchase or issuance of securities.	6 years after expiration or cancellation.
2. Lists of holders of voting securities represented at meeting and executed proxies or lists certified by a person or persons qualified to do so under the applicable corporation law, showing the attendance and votes by each holder for or against each issue voted on.	3 years after date of meeting. Executed proxies may be destroyed at option; if replaced by certified lists, unless a contest of the vote is expected or pending.